



## Wildlife Conservation Bond

### Part I: Project Information

#### GEF ID

10330

#### Project Type

FSP

#### Type of Trust Fund

GET

#### CBIT/NGI

☐ CBIT

☐ NGI

#### Project Title

Wildlife Conservation Bond

#### Countries

South Africa

#### Agency(ies)

World Bank

#### Other Executing Partner(s)

#### Executing Partner Type

**Other Executing Partner(s)**

Zoological Society of London, Conservation Capital, SAN Parks, Wilderness Foundation Africa, • Eastern Cape Parks and Tourism Agency

**Executing Partner Type**

Private Sector

**GEF Focal Area**

Biodiversity

**Taxonomy**

Financial and Accounting, Focal Areas, Biodiversity, Species, Influencing models, Civil Society, Communications, Stakeholders, Gender Equality, Gender results areas, Knowledge Exchange, Capacity, Knowledge and Research, Conservation Finance, Threatened Species, Illegal Wildlife Trade, Convene multi-stakeholder alliances, Transform policy and regulatory environments, Demonstrate innovative approaches, Deploy innovative financial instruments, Private Sector, Project Reflow, Capital providers, Non-Grant Pilot, Behavior change, Awareness Raising, Strategic Communications, Public Campaigns, Beneficiaries, Type of Engagement, Consultation, Partnership, Participation, Information Dissemination, Non-Governmental Organization, Academia, Access to benefits and services, Capacity Development, Targeted Research, Enabling Activities, Knowledge Generation, Master Classes, Workshop, Conference, Innovation

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 0

**Climate Change Adaptation**

Climate Change Adaptation 0

**Duration**

60 In Months

**Agency Fee(\$)**

1,238,532

**Submission Date**

3/17/2020

**A. Indicative Focal/Non-Focal Area Elements**

<b>Programming Directions</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
BD-1-2a	GET	13,761,468	185,500,000
<b>Total Project Cost (\$)</b>		<b>13,761,468</b>	<b>185,500,000</b>

THE FOLLOWING IS A SUMMARY OF A PROJECT WHICH HAS BEEN APPROVED IN CONCEPT AND IS SUBJECT TO COMPLETION AND AMENDMENT. IT IS NOT AN OFFER OR INVITATION TO SELL THE NOTES OR A SOLICITATION OF AN OFFER TO BUY THE NOTES, NOR DOES IT CONSTITUTE ANY FORM OF ADVICE. THIS SUMMARY IS SEPARATE FROM, AND SHOULD NOT BE READ IN COMBINATION WITH, ANY OFFER OR SALE OF THE NOTES, WHICH WILL BE MADE IN COMPLIANCE WITH APPLICABLE LAWS AND UNDER ENTIRELY SEPARATE LEGAL DOCUMENTATION AND OFFERING MATERIALS AT THE TIME OF OFFER. POTENTIAL INVESTORS SHOULD NOT SUBSCRIBE FOR ANY NOTES REFERRED TO IN THIS SUMMARY EXCEPT ON THE BASIS OF INFORMATION CONTAINED IN SUCH ENTIRELY SEPARATE LEGAL DOCUMENTATION AND OFFERING MATERIALS AT THE TIME OF OFFER. THIS SUMMARY IS VERY HIGH LEVEL FOR SIMPLICITY AND LEAVES OUT MATERIAL INFORMATION AND DOES NOT INLCUDE ANY LEGAL DOCUMENTATION THAT WOULD GOVERN THE NOTES.

**B. Indicative Project description summary**

**Project Objective**

To create an outcome-driven investment to channel private sector funds to support conservation measures that increase black rhino populations in target protected areas in South Africa.

**Project Outcomes**

Critically endangered black rhino population in target sites increased

New instrument for conservation finance demonstrated

Project Component	Financing Type	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
Improved Rhino Conservation Management	Investment	GET	13,761,468	184,100,000
		Sub Total (\$)	13,761,468	184,100,000
Project Management Cost (PMC)				
		GET		1,400,000
		Sub Total(\$)	0	1,400,000
		Total Project Cost(\$)	13,761,468	185,500,000

**C. Indicative sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Private Sector	private investors	Equity	Investment mobilized	150,000,000
Private Sector	private investors	Equity	Investment mobilized	13,000,000
Donor Agency	philanthropic organization TBD	Grant	Investment mobilized	7,000,000
Government	SAN Parks	In-kind	Recurrent expenditures	6,300,000
Government	Eastern Cape Parks and Tourism Agency	In-kind	Recurrent expenditures	9,200,000
			<b>Total Project Cost(\$)</b>	<b>185,500,000</b>

**Describe how any "Investment Mobilized" was identified**

D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
World Bank	GET	South Africa	Biodiversity	NGI	13,761,468	1,238,532	15,000,000
Total GEF Resources(\$)					13,761,468	1,238,532	15,000,000

E. Project Preparation Grant (PPG)

PPG Required

☐

PPG Amount (\$)

PPG Agency Fee (\$)

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)	Total(\$)
Total Project Costs(\$)					0	0	0

**Core Indicators**

**Indicator 1 Terrestrial protected areas created or under improved management for conservation and sustainable use**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
153,141.00	0.00	0.00	0.00

**Indicator 1.1 Terrestrial Protected Areas Newly created**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Total Ha (Expected at PIF)	Total Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
Akula National Park	125689	Select				<input type="checkbox"/>

**Indicator 1.2 Terrestrial Protected Areas Under improved Management effectiveness**

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)
153,141.00	0.00	0.00	0.00

Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
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Name of the Protected Area	WDPA ID	IUCN Category	Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Total Ha (Achieved at MTR)	Total Ha (Achieved at TE)	METT score (Baseline at CEO Endorsement)	METT score (Achieved at MTR)	METT score (Achieved at TE)
Akula National Park	125689	Select	153,141.00						

Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female	2,086			
Male	2,086			
Total	4172	0	0	0

## Part II. Project Justification

### 1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.



### 2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Indigenous Peoples and Local Communities Yes

Civil Society Organizations Yes

Private Sector Entities Yes

If none of the above, please explain why:

**In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.**

The product development phase for the Wildlife Conservation Bond has involved wide ranging stakeholder consultations: protected area agencies; conservation organisations; donor agencies; and private sector companies. The selection of the portfolio of sites involved the IUCN African Rhino Specialist group and advice received from a large number of conservation organizations working in rhino conservation, including the IUCN Species Survival Commission (SSC) African Rhino Specialist Group (AfRSG). The development of the Theories of Change was tested and received approval from the AfRSG and publication in a peer-reviewed journal. Within the sites themselves, there has been considerable local community engagement. In terms of private sector entities, there has been considerable engagement with potential risk investors, both institutions and individuals, to test the appetite for this type of financing mechanism, and from law firms to facilitate efficient structuring of the instrument.

In addition, the WCB team has been working with the management agencies of the two project sites, South African National Parks and Eastern Cape Parks and Tourism Agency respectively, to provide funding and technical assistance to ensure the sites are Investment Ready. In addition, the South African Department of Environmental Affairs (DEA) has

been engaged to ensure alignment with national strategies and objectives. In this vein, a DEA representative may join one of the Black Rhino Impact Company (BRIC) governance committees.

For the Wildlife Conservation Bond implementation phase, the risk investors, outcome payers, sites, implementing agencies and service providers will include an array of conservation organizations, foundations, non-government organisations, corporates, development finance institutions, donor agencies and private sector entities. Detailed assessments (the SAPA) will be undertaken with the local communities around each of the WCB sites to inform the best mechanism for deploying the community engagement budgets within the Theories of Change.

### **3. Gender Equality and Women's Empowerment**

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

All of the sites recognize the importance of gender inclusivity. While there is only one indicator in the Rhino Impact Bond, the community assessments will include a detailed analysis on gender dynamics in the community, how conservation benefits are distributed across gender and age sectors as well as governance roles for women

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?** No

**closing gender gaps in access to and control over natural resources;**

**improving women's participation and decision-making; and/or**

**generating socio-economic benefits or services for women.**

**Will the project's results framework or logical framework include gender-sensitive indicators?**

TBD

### **4. Private sector engagement**

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

The basis of the Rhino Impact Bond is to deliver significant private sector engagement in conservation. Private sector entities will be involved in many aspects of the bond including, in the management of the bond, investing in the bond, and verifying the conservation outcomes. Through this wide-ranging engagement, understanding and capacity of conservation will be developed within these private sector entities about the opportunities for working further in the conservation sphere. We anticipate in this way the Rhino Impact Bond will have impact within the private sector far beyond the life time of the bond.

**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the Operational Focal Point endorsement letter with this template).

Name	Position	Ministry	Date
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**ANNEX A:**

Instructions. Please submit an indicative termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A. Termsheets submitted should include sufficient details to allow a financial expert to understand and judge the financial viability of the proposed investments. Indicative terms and conditions should be used when specific details are not yet available. Please ensure that by copying the termsheet in the section of the PIF/PFD, the format allows reviewers to read the content.

**GEF – INDICATIVE TERMSHEET**

*These indicative terms are intended to serve as a basis for discussion purposes only. They do not constitute a commitment or undertaking and are subject to change during the structuring of the transaction and internal approvals by all parties. This document is not an offer or commitment to provide any funding nor does it guarantee participation in the Project. This term sheet is confidential and shall not be distributed to any third parties without previous authorization.*

<b>Project/Program Title</b>	Wildlife Conservation Bond
<b>Project/Program Number</b>	
<b>Project/Program Objective</b>	To create an outcome-driven investment that channels private sector funds to increase black rhino populations in target protected areas in South Africa.
<b>Country</b>	South Africa
<b>Agency presenting the Project</b>	World Bank

<b>Project Financing</b>	<p>A. GEF: US\$ 13.76 million</p> <p></p> <p>D. Philanthropic investors: US\$7m (TBC)</p> <p>E. SanParks: \$6.3m (in kind)</p> <p>F. Eastern Cape Parks and Tourism Agency: \$9.2m (in kind)</p> <p>Total Project Financing: US\$ 199.26 million</p>
<b>Currency of the Financing</b>	USD
<b>Currency risk</b>	N/A
<b>Co-financing ratio</b>	<p>For the overall transaction, every GEF 1USD mobilizes about 13.5 USD, including the World Bank bond and all other co-financing.</p> <p>For the actual funding flowing to the rhino conservation activities, every GEF 1USD mobilizes 2.6 USD; of this every GEF 1 USD mobilizes ~1USD private risk investment</p>

<b>Financial additionality of GEF resources</b>	<p>Traditional rhino conservation financing faces challenges associated with short-term and fluctuating funding cycles, which limit conservation agencies' abilities to plan for the longer-term and adapt. The Wildlife Conservation Bond, to be developed by the project tests an innovative model for conservation financing. The scale of the bond issuance will allow for capital markets investors to participate in a sector not historically considered for emerging markets debt instruments.</p>
<b>Use of proceeds</b>	



Financing instruments	
Terms and conditions for the financing instruments	

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals. Any financial returns/gains/interests earned on non-grant instruments, will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee.

Item Data	Item Data
GEF Project Number	
Estimated Agency Board approval date	November 2020
Investment type description	Contingent success payment
Expected date for start of investment	January 1, 2021
Amount of investment (USD GEF funds)	US\$ 13.76 million
Amount of investment (USD co-financing)	US\$ 185.5 million
Estimated interest rate/return	N/A
Maturity	N/A
Estimated reflow schedule	GEF resources will be held until year 5 of the project and will only be paid out (single success payment) if there is verified growth in the rhino population after five years. In the case of negative or zero growth, GEF funds will be returned in full. GEF resources will be paid out for growth of 1% or more up to the total GEF funding amount of \$13.76 million. Any unused GEF resources (expected if average annual growth rate of rhino population over the 5-year period is less than ~3.64%) would be returned to the GEF Trust Fund. See illustrative example in Annex A for an indication of potential GEF payments based on rhino growth rates.
Repayment method description	
Frequency of reflow payments	One time at year 5 of the project
First repayment date	
First repayment amount	Will vary between 0 and \$13.76m based on rhino growth rate

Final repayment date	N/A
Final repayment amount	N/A
Total principal amount to be paid- reflowed to the GEF Trust Fund	Between \$0 and \$13.76m based on rhino growth rate
Total interest/earnings amount to be paid-reflowed to the GEF Trust Fund	N/A

#### ANNEX C:

The GEF Agency submitting the PIF or PFD is required to respond to the questions in Annex C of the NGI Program Call for proposals in order to demonstrate its capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).

#### **Annex C: Partner Agency Eligibility to administer Concessional Finance – World Bank**

The GEF Agency submitting the PIF or PFD will demonstrate its capacity and eligibility to administer NGI resources as described below:

##### **a) Ability to accept financial returns and transfer from the GEF Agency to the GEF Trust Fund;**

The World Bank Group is one of the world's largest sources of funding and knowledge for developing countries. It consists of five institutions with a common commitment to reducing poverty, increasing shared

prosperity, and promoting sustainable growth and development. The **International Bank for Reconstruction and Development (IBRD)** lends to governments of middle-income and creditworthy low-income countries. The **International Development Association (IDA)** provides financing on highly concessional terms to governments of the poorest countries. The **International Finance Corporation (IFC)** provides loans, equity, and advisory services to stimulate private sector investment in developing countries.

In FY 2019, IBRD and IDA committed \$45.1 billion through loans, grants, and guarantees to 351 operations in about 100 countries. IBRD and IDA combined financial returns in FY 19 (difference between gross and net disbursements) totaled \$15.42 billion.

Section 7.1 of the financial procedures memorandum agreed between the International Bank for Reconstruction and Development and the GEF, dated August 15, 2016, describes the commitment of the Bank to return reflows to the GEF trust fund:

*If any GEF Trust Fund funds transferred to the Bank/IA for GEF Projects are used to provide financing, which generates any reflow of funds, and such reflow of funds are required to be returned to the GEF Trust Fund pursuant to the applicable policies and procedures of the GEF, the Bank/IA will credit and hold the funds in*

*Bank/IA/GEF Trust Fund (following their receipt by the Bank/IA) until the Trustee requests the Bank/IA to return them to such account as the Trustee may designate. The Bank/IA will maintain a record of any such reflow of funds and report them to the Trustee pursuant to Section 12.2.(e) below.*

**b) Ability to monitor compliance with non-grant instrument repayment terms;**

The World Bank Group Financing and Accounting Trust Funds and Loan Operations department supports an appropriate fiduciary control framework for Bank lending and donor funds. It performs several key financial operation activities related to: loan origination, compliance, disbursements, accounting, and analytics for IBRD/IDA and Trust Funds.

**c) Capacity to track financial returns (semester billing and receiving) not only within its normal lending operations, but also for transactions across trust funds;**

As noted above, the World Bank supports an appropriate fiduciary control framework for Bank lending and donor funds. The World Bank maintains separate records and ledger accounts in respect of the GEF Funds.

**d) Commitment to transfer reflows twice a year to the GEF Trust Fund;**

As per section 12.2 para (e) of the financial procedures memorandum, the World Bank currently reports to the Trustee within thirty (30) days after the end of each quarter of the GEF Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of reflows of funds received by the Bank/IA from GEF Projects, for the period reported, broken down by each GEF Project.

And, in case of NGI for private sector beneficiaries:

e) Track-record of repaid principal and financial returns from private sector beneficiaries to the GEF Agency.

N/A

**And, in case of concessional finance for public sector recipients:**

**f) Track-record of lending or financing arrangements with public sector recipients;**

Since its establishment 75 years ago, the World Bank has been lending to member countries to support their development aspirations. As noted above, in FY 19 alone the World Bank committed \$45.1 billion to operations led by public sector recipients.

**g) Established relationship with the beneficiary countries' Ministry of Finance or equivalent.**

The Ministry of Finance is the World Bank's main interlocutor in member countries. The World Bank carries out in-depth country engagement to with eligible recipient member countries in which the Ministry of Finance plays the lead role.